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AGRICULTURAL COOPERATION

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ELEMENTS IN THE COOPERATIVE MARKETING OF CALIFORNIA CITRUS FRUITS

A display of "red ink" account sales covering one side of a large tent, was the spectacular method employed by California citrus growers to stimulate interest in marketing conditions. This exhibit probably contributed as much as any one factor to the organization of the California producers. Early in 1892, a convention of orange growers was held at Riverside, Calif., in a tent on the fair grounds. Growers attending the meeting brought with them the account sales of shipments of oranges which had not sold for an amount sufficient to pay packing, freight, and marketing charges. The rapid growth of the citrus industry had resulted in an apparent overproduction. The "luxury" prices of the eighties were a thing of the past. For three seasons "red ink" had been the rule rather than the exception, and the growers were facing disaster.

It is interesting to note that after the Riverside convention had adjourned, the orange growers continued to think of their problem as, first of all, local in character. The chief difficulty in the path of the new undertaking was that of financing and constructing local facilities for grading and packing the fruit. The men from each locality returned home to work out their problem. As a result local cooperative associations were organized,--independent, self-sustaining units, reflecting the needs of the community and the personality and judgement of the men active in their organization.

From the first it was understood that the separate associations could not engage in marketing effectively. Therefore, the associations within each geographical district organized a district exchange to act as their sales agent. The district exchange was the agent and servant of the member associations, as the associations, in turn, were the agents and servants of their members. Seven independent district exchanges were developed in this manner. It was advisable, manifestly, that each of these exchanges should be in touch with the activities of the others.

Accordingly, as a further development, the Executive Board of the Southern California Fruit Exchanges, composed of a representative from each district, was organized. The Executive Board met weekly at Los Angeles throughout the shipping season to exchange information and discuss matters of general policy. It maintained an office and secretary and hired an eastern representative whose salary was paid by the district exchanges. This form of organization continued for two seasons.

All this time there was very vigorous participation in general affairs by the associations and district exchanges, and many resolutions of a critical and advisory nature were addressed to the Executive Board.

In 1895 it was found that there was considerable conflict and duplication in the relations of the several district exchanges with jobbers, brokers and agents in the central markets. It was believed advisable, at the same time, to increase materially the number of salaried agents representing the exchanges in the East. For these reasons, it was decided to create an agency which should conduct for the district exchanges, of which it should be the agent and servant, all negotiations with eastern agents and the purchasers of citrus fruit. The district exchanges reserved the authority, which they hold at the present time, to stipulate the conditions of sale in all instances. Accordingly, the Southern California Fruit Exchange was organized in the fall of 1895. Ten years later the name of the organization was changed to the California Fruit Growers' Exchange.

From a business point of view, the Exchange system has brought about some outstanding improvements in the marketing of citrus fruit, each of which has been a prominent factor in its success. First of all, the affiliated growers increased the area over which citrus fruit was sold. Small markets that formerly had been supplied with oranges spasmodically and indirectly were given regular supplies to the extent of their capacity. An assured supply of a commodity of itself increases consumption, and the aggregate increase in the consumption of California oranges developed in this way has been very large. At the same time, shipments were distributed among the larger markets with due regard to their capacity. Intelligent forethought in this connection virtually eliminated the glutted markets that had been so common in the past. It required the concerted action of the growers--the men who bear the loss from glutted markets--to bring about efficient distribution of the crop. Later, as the Valencia orange, which matures in the late spring and summer, came into prominence, it became possible to extend the marketing period. California oranges are now found on the markets at all times.

Somewhat more slowly, handling conditions, grading and packing facilities were improved. In 1904 an investigation of the loss due to careless handling of California oranges was begun by the U. S. Department of Agriculture, under the direction of G. Harold Powell, later general manager of the California Fruit Growers Exchange. The application by the California orange growers of the results of this investigation brought about a second outstanding improvement in marketing conditions, namely, the production of a standardized, dependable product.

A few years later, the large increase in the production of citrus fruit made it necessary to take further steps to increase consumption. The foundation for this development had already been laid by the production of a standardized product. Consequently, the growers could adopt a trade-mark for their better grades of oranges and lemons, and advertise them to the consumers with confidence. Along with the ad-

vertising campaign of the Exchange, there has developed a department which gives instruction to retail dealers in methods of displaying and merchandising citrus fruits.

No small part of the success of the exchange system has been due to the affiliated Fruit Growers' Supply Company. Organized at a time when increases in the price of orange-box material threatened to create a very serious condition, the supply company was able to overcome the immediate situation. Since 1907, it has operated to manufacture or purchase for the Exchange members, supplies essential for the production and marketing of citrus fruit.

When the Riverside convention was held in 1892, shipments of California oranges were approximately 5,000 carloads. According to men in the business at that period, the average orange grower was practically bankrupt, and the best groves could be bought for \$500 per acre. In 1920-21, citrus shipments from California were over 56,000 cars, of which 40,000 carloads were shipped by the California Fruit Growers' Exchange. The California orange industry was one of the few agricultural industries which continued to prosper during the difficult period which began in 1920.

The fundamental element in the success of the Exchange will be found in the sketch which has been given of its early history. This is, briefly, local control of the organization and local responsibility for its success or failure. The Exchange was organized at a time and in a manner that brought to the front the ability and initiative of the growers in each community. At the same time, there was fostered a spirit of cooperation not only among neighbors, but among communities and districts. This spirit has become an essential part of the organization. The weekly meetings of the directors of the Exchange are open to all producers and the general public. All proposals and projects of the central organization become public knowledge as soon as presented to the board of directors, and before a project becomes effective it must pass the critical scrutiny of several thousand growers. For this reason, the Exchange sometimes moves slowly. On the other hand, its movements are seldom inadvised. The membership of the Exchange, therefore, is the positive directing element in the organization. As might be expected, the loyalty, arising from common responsibility, has proved to be a cohesive force which binds the organization into a sound, efficient unit.

Andrew W. McKay.

(Mr. McKay is a graduate of Cornell University, and was for many years connected with the fruit transportation and storage investigations of the U. S. Department of Agriculture. Later he was field supervisor of a large orange shipping company and vice-president and sales agent for fruit and vegetable associations in the South. He is now a specialist in the Division of Agricultural Co-operation, Federal Bureau of Agricultural Economics).

COOPERATIVE MARKETING OF DAIRY PRODUCTS IN MINNESOTA

During the 16 years from 1906 to 1921 the number of cooperative creameries in Minnesota increased from 555 to 645, an increase of 16.2%. In 1906, 76.4% of the creameries in the State were cooperative, in 1912 but 71.9% were cooperative, while in 1912, 77.6% of the total number of plants were cooperative.

Figures are available for the years since 1914 as to the total amount of butter made and the amount made by cooperative plants. At the beginning of the eight-year period but 61.3% of the butter was made in cooperative plants, while at the close of the period 67.1% was made in cooperative plants. During this period there was an increase of 40.69% in the total number of pounds made.

The figures for the several years are as follows:

Year	: Total Number of Creameries	: Number of Cooperative Creameries	: Percentage Cooperative
1906	:	726	:
1907	:	722	:
1908	:	751	:
1909	:	796	:
1910	:	750	:
1911	:	814	:
1912	:	864	:
1913	:	852	:
1914	:	850	:
1915	:	855	:
1916	:	848	:
1917	:	841	:
1918	:	823	:
1919	:	811	:
1920	:	830	:
1921	:	831	:

Year	: Total Lbs. Butter : Made	: Lbs. Butter Made by : Coop. Assns.	: Percentage Made by Coop. Assns.
	: (Thousands)	: (Thousands)	:
1914	:	120,806	:
1915	:	126,150	:
1916	:	132,390	:
1917	:	122,104	:
1918	:	133,059	:
1919	:	143,176	:
1920	:	139,229	:
1921	:	169,948	:

During the eleven years 1911 to 1921 the number of cooperative cheese factories in the State increased from 32 out of a total of 69, to 69 out of a total of 81. In 1911 but 46.4% of the cheese factories in the State were cooperative, while in 1921 85.2% were cooperative. During the same period the total quantity of cheese made nearly doubled. The figures by years are as follows:

Year	: Total Number of Cheese Factories	: Number of Cooperative Cheese Factories	: Percentage of Cooperative Cheese Factories	: Total Lbs. of Cheese Made
1911	69	32	46.4	3,890,540
1912	63	30	47.6	4,842,328
1913	70	38	54.3	5,594,578
1914	71	36	50.7	6,200,407
1915	67	39	58.2	6,106,661
1916	83	49	59.0	6,159,744
1917	83	52	62.7	6,421,148
1918	78	47	60.3	6,805,305
1919	80	59	73.7	9,452,094
1920	87	69	79.3	7,847,796
1921	81	69	85.2	7,754,881

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RUSSIAN COOPERATION AT THE NIZHNI-NOVGOROD FAIR

The fair of Nizhni-Novgorod is the largest market fair in Russia. Traders from all countries bring their goods and wares to it. Last September witnessed the opening of the fair for the first time since 1915. According to the Moscow "Economic Life" of October 1, the fair was an unexpected success, and the many traders who came there with small lots of goods, or carrying samples only, in the belief that the fair would amount to little, were sorely disappointed. The Fair's Statistical Bureau has estimated that a total quantity of about 50,000 long tons exchanged hands, representing 25% of a normal pre-war fair, which is a surprising fact in view of the general condition of trade and industry in Russia.

Next to the large government syndicates, which were the principal traders, the cooperative societies of Russia were the most active organizations. Out of the 591 registered organizations at the fair, 167 were cooperative, and the merchandise brought by them represented 12% of the total. In money, the business turnover of the cooperative societies was about 18 - 20% of the total, about 75% of the turnover was for the account of the government syndicates, and the remainder was represented by private trade.

RAISIN GROWERS MAKE BIG APPROPRIATION FOR ADVERTISING

An advertising budget totaling \$2,500,000 has been approved by the Board of Directors of the Sun-Maid Raisin Growers for the current marketing season. The purpose of this advertising campaign is to dispose of 100,000 more tons of raisins than the public has ever used heretofore in twelve months.

The items making up the budget are as follows:

National magazines	\$704,000
Newspapers	700,000
Posters	490,000
Foreign advertising	300,000
Window displays	100,000
Demonstrations and general expenses	85,000
Materials	56,000
Dealers' service	25,000
Recipe books	25,000
Trade press	15,000
Domestic science	10,000
Motion pictures	10,000

An aggressive attack upon the foreign markets is a part of the Raisin Growers' plan. They already have their own offices in Shanghai and Yokohama. A central office is maintained in London with branches at Glasgow, Manchester and Birmingham. An office was opened recently in Amsterdam and a branch office established in Copenhagen. Arrangements have been completed for selling raisins in Mexico City, in the West Indies, and in Panama.

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WHAT ONE TEXAS ASSOCIATION IS DOING

Although less than two years old, the McLennan County Farm Association, Inc., with headquarters at Waco, Tex., claims to have "put an end to the days when a farmer has to take whatever is offered him for cotton."

The cotton brokerage office of the association at Waco, is in constant communication with exporters and shippers in the principal Southern markets, and it knows the prices at which cotton is selling every minute of the business day. The association maintains a Federal cotton classer, provides a Federal bonded warehouse, and arranges for 7% loans on warehouse receipts. Thus it is able to tell the farmer the correct grade of his cotton, the correct market price, to get that price for him, to provide him space in a bonded warehouse, and to secure loans which will enable him to hold his cotton at a reasonable cost.

Members are not bound by contract to market their cotton through the association, but the efficiency of the service rendered is indicated by the fact that in sixty days that association handled more than one-fourth of the cotton sold in the county.

NO DIVIDEND FOR THE FIRST TIME SINCE 1906.

In a letter to its stockholders, dated October 23, 1922, the United Grain Growers, Limited, with offices at Calgary, Alberta, and Winnipeg, Manitoba, announces that the year's operations have resulted in a loss and that, for the first time in the history of the company, no dividend will be declared. The causes assigned are two: in the first place, unusually poor crops of grain in several localities last year reduced the amount of business and the earnings of both local and terminal elevators; secondly, losses were incurred in the machinery and supplies department during a year of extremely unsettled business conditions. Fortunately a reserve fund was established in the days of prosperity, from which the losses will be paid, and the company is still very strong financially.

The company began operations in 1906 as the Grain Growers' Grain Company, Limited, with a capital stock of \$25,000 of which \$5,000 was paid in. A steadily increasing business was conducted for 12 years and in 1917 the capital stock had grown to \$1,805,700, with \$1,357,382 paid in, and the profits amounted to \$607,899.18. In 1917 a combination was effected with the Alberta Farmers' Co-operative Elevator Co., Ltd., under the present name of the United Grain Growers, Limited. The next annual meeting was scheduled for Calgary, November 23, 1922.

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ARKANSAS FARMERS START COOPERATIVE TANNERY

Cooperative tanning is an industry conducted by the farmers of Pope County, Ark. The business is done through the Pope County Cooperative Manufacturing Association which was incorporated in December of 1921, and began active operations on January 1, following. The factory, which has a capacity of thirty hides a day, produces three kinds of leather, chrome sole, harness, and white lace. Members of the association are entitled to have hides tanned at 35¢ a pound. It is proposed that for the present all net earnings shall be used for the purchase of additional equipment.

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ONLY HIGH QUALITY PRODUCTS COMMAND TOP PRICES

"Barnyard quality eggs are worth only grocery store prices," states an editorial in the Irish Homestead, Dublin, Ireland, under date of September 23. It is the superior article which commands the better price and any group of producers failing to realize this fundamental principle will have little chance of securing an increase over local prices.

The statement is also made that "There is no place in the world for a dishonest cooperator," and that "it is not possible to construct a substantial marketing association out of such material."

ORGANIZATION OF DARK TOBACCO GROWERS EFFECTED

As a result of a campaign covering 51 counties of Kentucky and Tennessee, an association to be known as the Dark Tobacco Growers' Cooperative Association has been organized. More than 7 $\frac{1}{4}$ % of the tobacco acreage of the entire district has been pledged to the association by 58,158 farmers. Breckinridge County leads the list with 95% of its acreage pledged. At a meeting of the executive, county, and organization committees, held at Hopkinsville, Ky., October 31, action was taken authorizing the appointment of several subcommittees. One of these will investigate the warehouse situation, one will prepare for publication a monthly cooperative magazine, a third will district the area for the election of directors, a fourth will act as an advisory finance board, a fifth will establish standard grades, and the last will aid in office organization and management. November 13 was the date set for the elections of directors.

James C. Stone is president of the association, and Judge Robert Bingham is chairman of the executive committee.

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FOURTH ANNUAL REPORT OF MILK PRODUCERS' ASSOCIATION

In his fourth annual report, dated June 30, 1921, the manager of the San Diego Milk Producers' Association of San Diego County, San Diego, Calif., presents tables showing varicus comparisons for the four years the association has been doing business. Beginning with a membership of 66, the number had risen on June 30, 1921, to 79; the amount of milk handled the first year was 8,446,755 pounds with a sale value of \$310,935.32; and for the fourth year 11,653,530 pounds with a sale value of \$538,712.13. Five grades of milk are recognized, and the percentage of milk in each grade, each year, shows a steady increase in the highest grade and a steady decrease in the four lower grades. Selling profits accrued in the four years amount to \$15,729.27. Of this amount \$3,756.05 has been transferred to the sinking fund and \$11,973.22 has been divided among the producers.

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STATE FARMERS' GRAIN DEALERS' ASSOCIATIONS TO ISSUE STATEMENTS

The American Cooperative Manager, October 25, 1922, prints "A Brief Review of the Farmers Grain Dealers of Minnesota," prepared by the Secretary, A. F. Nelson, in response to a request from the United States Department of Agriculture that each of the State farmers' grain dealers' associations furnish a statement of its purposes and activities for the records of the Department. Statements from the secretaries of other State associations will be printed in early issues of the same paper, and later will be issued in booklet form.

ARIZONA PIMACOTTON GROWERS COMPLETE FIRST YEAR

In its first year the Arizona Pimacotton Growers, Phoenix, Ariz., handled over 10,000 bales of cotton at a total per pound cost of 4.267¢. Of this amount the cost of physical handling was 3.3295¢ and the general operating expense 0.9375¢. The physical handling charge included freight on eastern shipments, loading, handling, insurance, storage, grading, field expense, interest, and loss on a ginning contract. The operating expense was divided among the following five factors:

Office expenses	0.2882¢
Salaries - accounting	.224
Legal expense	.0415
Salaries - administration	.1713
Brokers' commissions	<u>.2125</u>
Total	.9375¢

The income from cotton sales, including inventory value of 362 bales on hand August 31, was \$1,787,200.01. The total expenses to August 31 were \$234,017.58. The net amount for distribution to members was \$1,517,438.43. The net amount per pound for distribution ranged from 32.626¢ for long-staple, grade 1, to 21.063¢ for short-staple, grade 5.

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COOPERATION IN THE PROVINCE OF SASKATCHEWAN

In his eighth annual report, dated May 1, 1922, the Commissioner of Cooperation and Markets of the Province of Saskatchewan, states that the number of shareholders in cooperative associations is 17,977; the total paid-up capital stock, \$500,485.33; the aggregate turnover for the year, \$5,026,708.30; and net profit \$135,404.75. Another table shows the development of cooperative associations in the province from year to year.

The number of associations marketing live stock cooperatively increased from 9 in 1914 to 54 in 1920, but decreased to 41 in 1921. The largest number of cars shipped in one year during this period was 912 in 1920, valued at \$1,429,309.32, compared with 784 cars in 1919 with a value of \$1,576,083.10.

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DIRECTORY OF CONSUMERS' COOPERATIVE ASSOCIATIONS

A directory of consumers' cooperative societies in the United States, has been issued by the Bureau of Labor Statistics, U. S. Department of Labor, as Appendix B, to Bulletin No. 13. About 7,500 associations are listed and classified as "strictly consumers' societies," "combined marketing and consumers' societies," and "societies on the Bureau's list, but for which the Bureau has no data." The arrangement is alphabetical by cities under each state.

AN INCREASE OF FIVE FOLD IN OUTPUT

Operating costs per dollar of sales were 8.7¢ for the Petaluma Cooperative Creamery, Petaluma, Calif., for the year ending June 30, 1922. The manufacturing costs for the same year were 2.1¢ a pound. This creamery was started in 1913 with 33 stockholders and 1980 cows. The first year over one-half-million pounds of butter were produced. At the close of the business year in 1922 the organization had a membership of 382 with 11,477 cows, and during the twelve months had produced 2,581,012 pounds of butter. The average return to patrons for butter fat in July of 1922 was 45.5¢ as against 42.35¢ in July of 1921. Approximately \$7,000 was set aside with the closing of the books, June 30 for a "reserve for contingent liability," thereby increasing the value of the shares of stock from \$7.00 each to \$7.50.

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COOPERATIVE COTTON SALES IN ARKANSAS

Prices received for cotton by the Arkansas Cotton Growers' Cooperative Association range from 23¢ for strict to good middling of one and one-sixteenth to one and one-eighth inch staple, to 20¢ for strict good ordinary one-inch cotton. Up to October 24, 6,755 bales had been sold, of which 95% had been shipped direct to New England consumers. More than 40,000 bales had been received in the warehouses and advances amounting to \$2,033,000 have been made to members on their cotton. A saving to the members has been effected through the sale of loose cotton to the amount of \$1,500, and the sale of samples will amount to as much more. As both the loose cotton and the samples usually go to the buyer this is "pure velvet" for the members.

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NEW BULLETIN DESCRIBES NEW HAMPSHIRE COOPERATIVE ASSOCIATIONS

"Farmers' Buying and Selling Organizations in New Hampshire," is the title of a new bulletin written by Lawrence A. Carlisle, Assistant Commissioner of Agriculture in Charge State Bureau of Markets, and published by the State Department of Agriculture, Concord, N. H.

Beginning with a brief historical sketch, the author proceeds to give concise descriptions of 11 buying associations and 8 selling associations in the State, showing the plan of organization, purpose, method of conducting business, and financial affairs of each, followed by an analysis of the business features and of the cooperative features of these associations.

CHEESE PRODUCERS' FEDERATION ISSUES LEAFLET

In a 12-page leaflet, the Wisconsin Cheese Producers' Federation, Plymouth, Wis., tells of some of its activities and achievements. During the first 6 years and 9 months of its existence, ended December 31, 1920, the Federation paid to its members the market price for cheese, paid out in dividends more than \$64,000, established a reserve of \$8,000, and built and paid for warehouses valued at \$70,000. From 1914 to 1919 the handling expense varied from 1.2¢ to 1.6¢ on every dollar's worth of cheese.

The Federation has 160 member factories in 21 counties, and 4 warehouses located at Plymouth, Spring Green and Wausau, Wis., and Pine Island, Minn. The warehouses receive cheese from the factories and ship to nearly every State in the Union. About 780 carloads were shipped in 1921.

The receipts of cheese at the warehouses of the Federation for 8 years are as follows:

1914	6,125,480	lbs.	\$ 887,501.00
1915	7,558,796	"	1,132,867.00
1916	7,490,020	"	1,304,640.00
1917	8,981,308	"	2,171,526.00
1918	8,532,509	"	2,322,536.00
1919	14,098,021	"	4,318,956.91
1920	13,982,817	"	3,918,721.56
1921	15,564,414	"	2,857,046.13

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PEANUT GROWERS' EXCHANGE BECOMES PEANUT GROWERS' ASSOCIATION

Under the cooperative marketing act of Virginia the Peanut Growers' Exchange has been reincorporated and its name changed to "Peanut Growers' Association." About 300 persons attended the stockholders' meeting on November 1, with proxies representing 2536 members, more than a majority of the total 5066.

The Association has announced that it is ready to advance 3¢ a pound upon delivery for No. 1 farmers' stock, 2-1/2¢ for No. 2, 2¢ for No. 3, 2¢ for Spanish, and 1-1/2¢ for "X". It is proposed to mail a check to the grower within 48 hours after the weigh sheet and bill of lading are received at the central office.

A campaign is under way to place pound boxes of shelled, unroasted peanuts on the market under the name of "Pickeninny Peanuts," with a smiling pickaninny as a trade mark.

The headquarters of the organization have been moved from Suffolk to Norfolk, Va.

ELIMINATING WASTE IN THE ORANGE BUSINESS

The Exchange Orange Products Company, San Dimas, Calif., an orange by-products company owned by associations affiliated with the California Fruit Growers' Exchange, is conducting experiments to determine the value of refuse from its plant as feed for dairy cattle. This waste product consists of the peel and pulp of cull oranges from which the oil and juice have been extracted. Every 50 tons of oranges delivered at the plant produces, after processing, 35 tons of refuse, although a portion of the weight is due to water added during various processes. Chemical analysis shows that the refuse is practically identical with beet pulp in composition, and the feeding experiments, although not complete, indicate that it will make valuable feed for live stock.

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HOW THE NEW JERSEY BUREAU OF MARKETS AIDS FARMERS' ASSOCIATIONS

The methods of procedure used by the New Jersey Bureau of Markets when called upon to assist in organizing a farmers' cooperative association, are described by Kenneth Hankinson, Organization Specialist, in an article in Bulletin No. 32, of the State Department of Agriculture, Trenton, N. J., dated June, 1922.

Help and advice are to be had for the asking and the Bureau of Markets representatives stand ready to discuss with any group the advisability of organizing, and later of suggesting plans for organization and development.

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ALMOND GROWERS' EXCHANGE ESTABLISHES CULTURAL DEPARTMENT

An innovation among fruit growers' associations is a "Cultural Department" which the California Almond Growers' Exchange is creating under the direction of Professor H. R. Taylor, formerly professor of pomology of the University of California. The department will give its attention entirely to the dissemination of scientific knowledge of almond production among the growers, with special consideration to the development of almonds of the highest market value, and to greater production from present orchards.

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FARMERS OPERATE A TERMINAL PACKING PLANT

The Farmers' Terminal Packing Company, Newport, Minn., during the year closing with September 30, slaughtered about 7,000 head of cattle, 7,000 calves, 63,000 hogs, and about 1,500 sheep and lambs. Its plant has a capacity of 500 head of cattle and 5,000 hogs and small stock per week. The company maintains its own stockyards and makes no charge to shippers for the handling and yardage of stock. Active operations were begun by this company in March, 1919.